

MA Sustainable Design Roundtable Incentives Working Group Meeting

Date: March 4, 2005
Place: UMass Boston, 100 Morrissey Boulevard, Boston, MA
Attendees: Forrest Speck, CoChair (UMass), Dick Tinsman (MTC), William Grover (ICON), Ray Johnson (Mass Housing), Aditi Pain (UMass), David Hancock (CBT), Bill Reyelt (DHCD), Paul Brown (DRA), Bridgette Traedo (DRA Intern), Marie Zack Nolan (EOEA staff)
Handouts: Chart on incentives, barriers, benefits by stakeholder
Incentives Summary by state program

- Incentives (definition):
Something that helps remove barriers for the stakeholder. If the benefit is too broad, the incentive will not remove the barrier. Examples of public benefit is general health and well-being of population. Private benefits are ROI, higher rent expectations, more productive employees.
- Common to say money is most important incentive to build green, but in 5 years this may not be the case.
- Two types of incentives: sticks and carrots
Energy code/regulations are sticks; Lower energy cost is carrot.
- In his research on incentive programs, Paul Brown has found that MA has lots of carrots, few sticks. California, Oregon and Washington have sticks.
- Building demolition regulations like DEP C&D waste recycling mandates are sticks. Need to disassemble waste into component parts and use each one as a resource. However, regulations do not preclude users to write into contracts, requirements for waste management, indoor air quality, etc.
- Dick Tinsman summarized current incentives provided by MTC:
 1. DOE/MSBA – Study applying CHPS standards to MA schools. Final regulations (6/06) – state schools must beat state energy code by 20%. School pilot programs are being funded that use green techniques like day lighting. Carrot – schools receive 2% more state reimbursement if green. Stick – SBA encouraged to adopt these new regulations that require sustainability in schools.
 2. Perception of Costs – MTC did A/E survey on what is cost between building green and non-green. A/E's think that costs range from 1 to 25%. To counter misperceptions, MTC is funding cost of green vs. non-green baseline study.
 3. Productivity in schools – dozens of studies but disparate results. MTC is funding evaluation of all studies by National Academy of Sciences and the Natural Resources Council.
 4. Greg Kats is doing a Cost Benefit study of points in CHPS and LEED rating systems.
 5. MTC is giving DCAM \$2.2 million to incentivize projects to go green. Cape Cod Community College – New Technology Center is 1 of 5 projects. Need to have more project managers with experience of going green.
 6. Mass Housing and MTC – aggressive partnership for green housing. “Enterprise Fund” raises capital at advantageous rates for housing
- This Roundtable can support DCAM efforts to require all DCAM projects to be LEED certified but first need documentation that it works.

- UMass Building Authority – 3 financiers handle millions of dollars for university construction but the decision makers are the Presidents of the campuses who direct the building design and feasibility and go to the Building Authority for the money. Need campuses to ask for sustainable design, not money managers. UMass, Tufts and Harvard are examples of campuses going green.
- Getting PM's to do green buildings is key. Need to reach 2 types of state agencies: 1) agencies resisting building green and 2) agencies wanting to do it but don't know how.
- State could fund a position that advocates building green, a green cheerleader or green czar
- Green as a socially responsible investment – revolving fund that sponsors green projects (e.g. Enterprise Fund). Investors are willing to defer some of their returns in order to build green.
- Need Executive Order on green construction. If state proclamation said that all projects have to be LEED, then college building authorities would listen.
- Insurance companies are beginning to see less risk in green buildings. (UMass is self-insured).
- Handbook for PMs on building green may be needed.
- Campuses have to support building after the building authority is gone. Fund could be rolled into bond initially for maintenance costs in the future.
- UMass has experienced a reduction of the percentage of operating costs paid for by the state from 80% down to 30%. Now discovering deferred maintenance problems like parking garage problem at UMass. Need to have link between capital and operating costs.
- Types of Incentives:
 1. Financial - design & construction grants, higher funding levels, funding green positions, utility rebates (extension issue), shared savings due to efficiencies
 2. Regulatory- compliance with Governor's Executive Order and Climate Protection Plan, green building codes, regulations and standards, Chapter 40R – smart growth, bonuses, streamlining permit approvals, construction waste management / indoor air quality regulations, alternative procurement
 3. Legislative – green building mandate, tax credits
 4. Technical Assistance – funding for sustainable design resource center
 5. Outreach-Education – funding for training for Project Managers – at state and local level, awards/ recognition programs
- Priorities for Incentives:
In order to get market transformation, address "Time is Money" issue– buildings constructed in shorter time frames cost less so focus on streamlining permit approvals.
- E.g. LEED project moves through more quickly in DHCD if green – developer has already addressed issues important to DHCD like parking.
- E.g. Manulife says project got its project approved 8 months sooner due to being a green building. BRA says that Manulife had everything taken care of properly because it wanted to be green so easier and faster to permit.
- Legislative mandate needed to require a level playing field so all must consider building green.

- Stakeholders:
Higher education
Local schools
Housing authorities
State Construction Agencies like DCAM, Massport, MBTA, MSBA, MCBA
- Preliminary focus on higher education – UMass Building Authority, DCAM, MSCBA, students
- Where does state money go?
- What sectors are the buildings in?
- Process to get to recommendations:
 1. Identify incentives and stakeholders
 2. Link them
 3. Prioritize stakeholders
 4. Check that there are proper incentives for stakeholders in place to build green
 5. Recommend more or new incentives
- Plan for 3-10-05 Presentation:
Paul Brown will summarize incentive research for state of the art. Forrest Speck will present based on general guidelines for state of the art, scope of problem, scope of solutions or process to get to recommendations, and research needs.
- Next Working Group meeting: To be determined